



Rep. Barbara Flynn Currie

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1 AMENDMENT TO HOUSE BILL 4246

2 AMENDMENT NO. _____. Amend House Bill 4246 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 17-127 and 17-129 as follows:

6 (40 ILCS 5/17-127) (from Ch. 108 1/2, par. 17-127)

7 Sec. 17-127. Financing; State contributions;
8 certifications; vouchers~~revenues for the Fund.~~

9 (a) The revenues for the Fund shall consist of: (1) amounts
10 paid into the Fund by contributors thereto and from employer
11 contributions and State appropriations in accordance with this
12 Article; (2) amounts contributed to the Fund by an Employer;
13 (3) amounts contributed to the Fund pursuant to any law now in
14 force or hereafter to be enacted; (4) contributions from any
15 other source; and (5) the earnings on investments.

16 (b) The General Assembly finds that for many years the

1 State has contributed to the Fund an annual amount that is
2 between 20% and 30% of the amount of the annual State
3 contribution to the Article 16 retirement system, and the
4 General Assembly declares that through fiscal year 2012, it is
5 its goal and intention to continue this level of contribution
6 to the Fund in the future.

7 Beginning in State fiscal year 1999 and through fiscal year
8 2012, the State shall include in its annual contribution to the
9 Fund an additional amount equal to 0.544% of the Fund's total
10 teacher payroll; except that this additional contribution need
11 not be made in a fiscal year if the Board has certified in the
12 previous fiscal year that the Fund is at least 90% funded,
13 based on actuarial determinations. These additional State
14 contributions are intended to offset a portion of the cost to
15 the Fund of the increases in retirement benefits resulting from
16 this amendatory Act of 1998.

17 (c) For fiscal year 2013, the State shall contribute
18 \$191,289,707 to the Fund.

19 (d) For fiscal year 2014 and each fiscal year thereafter,
20 the State shall contribute to the Fund an amount to be
21 determined by the Board in consultation with the Commission on
22 Government Forecasting and Accountability, equal to the sum of
23 the following:

24 (1) the State's share of the Fund's certified normal
25 cost for that fiscal year (excluding any amortization of
26 the unfunded accrued liability); and

1 (2) a positive or negative amount equal to the net
2 amount of any increases or decreases in the Fund's
3 supplemental annual cost for that fiscal year that are not
4 attributable to the effects of lost investment earnings due
5 to underfunding as defined in subsection (g). Such
6 increases or decreases may include, but are not limited to,
7 those resulting from changes in benefits, changes in
8 actuarial assumptions adopted by the Board, differences
9 between actuarial assumptions and actual experience, and
10 variations in investment earnings other than lost
11 investment earnings due to underfunding.

12 (e) Annually, on or before November 15, the Board shall
13 certify to the Governor the total annual amount of the required
14 State contribution under this Section for the next fiscal year.
15 The certification shall include a copy of the actuarial
16 recommendations upon which it is based. The certification shall
17 also specifically identify and certify for that next fiscal
18 year: (i) the Fund's predicted normal cost; (ii) the estimated
19 amount of participant contributions under Section 17-130; and
20 (iii) each of the amounts determined under subdivisions (1) and
21 (2) of subsection (d) and the methodology and facts relied upon
22 in determining those amounts.

23 The certification for fiscal year 2013, however, shall be
24 made within 30 days after the effective date of this amendatory
25 Act of the 97th General Assembly and shall consist only of the
26 amount specified in subsection (c).

1 (f) Beginning in State fiscal year 2013, the annual State
2 contribution required under this Section shall be payable to
3 the Fund in 12 substantially equal monthly installments.

4 On the 15th day of each month, or as soon thereafter as may
5 be practicable, the Board shall submit vouchers for payment of
6 State contributions to the Fund, in a total monthly amount of
7 one-twelfth of the annual amount of the required State
8 contribution certified under subsection (e). These vouchers
9 shall be paid by the State Comptroller and Treasurer by
10 warrants drawn on the funds appropriated to the Fund for that
11 fiscal year.

12 If in any month the amount remaining unexpended from all
13 other appropriations for State contributions to the Fund for
14 the applicable fiscal year is less than the amount lawfully
15 vouchered under this subsection, the difference shall be paid
16 from the General Revenue Fund under the continuing
17 appropriation authority provided in Section 1.9 of the State
18 Pension Funds Continuing Appropriation Act.

19 (g) For the purposes of this Article:

20 "Lost investment earnings due to underfunding" means the
21 additional earnings on investments, if any, that the Fund would
22 have received during a particular fiscal year if the Fund had
23 been 100% funded on July 1, 2012, taking into consideration the
24 reduction of the unfunded accrued liability in existence on
25 July 1, 2012 under subdivision (b) (iv) of Section 17-129 prior
26 to that fiscal year.

1 "Normal cost" means that part of the actuarial present
2 value of all future benefit payments and appropriate
3 administrative expenses assigned to a fiscal year under the
4 actuarial valuation method used by the Fund, excluding any
5 amortization of the unfunded accrued liability.

6 "The State's share of the Fund's certified normal cost"
7 means an amount equal to the Fund's certified normal cost for
8 the fiscal year minus the certified estimate for that fiscal
9 year of participant contributions required under Section
10 17-130.

11 "Supplemental annual cost" means that portion of the
12 unfunded accrued liability that is assigned to a fiscal year.
13 Unfunded accrued liability in existence on July 1, 2012 and
14 unfunded accrued liability accruing after that date that is
15 attributable to the effects of lost investment earnings due to
16 underfunding shall be assigned according to the schedule
17 adopted under subdivision (b)(iv) of Section 17-129. Unfunded
18 accrued liability that accrues on or after July 1, 2012 and is
19 not attributable to the effects of lost investment earnings due
20 to underfunding shall be assigned as the level annual amount
21 required to amortize that unfunded accrued liability over a
22 period not exceeding 30 years.

23 (h) It is declared to be the funding goal of the Fund to
24 achieve and maintain a funding ratio of 100%.

25 (Source: P.A. 90-548, eff. 12-4-97; 90-566, eff. 1-2-98;
26 90-582, eff. 5-27-98; 90-655, eff. 7-30-98.)

1 (40 ILCS 5/17-129) (from Ch. 108 1/2, par. 17-129)

2 Sec. 17-129. Board of Education ~~Employer~~ contributions;
3 certification; deficiency in Fund.

4 (a) If in any fiscal year of the Board of Education ending
5 prior to 1997 the total amounts paid to the Fund from the Board
6 of Education (other than under this subsection, and other than
7 amounts used for making or "picking up" contributions on behalf
8 of teachers) and from the State do not equal the total
9 contributions made by or on behalf of the teachers for such
10 year, or if the total income of the Fund in any such fiscal
11 year of the Board of Education from all sources is less than
12 the total such expenditures by the Fund for such year, the
13 Board of Education shall, in the next succeeding year, in
14 addition to any other payment to the Fund set apart and
15 appropriate from moneys from its tax levy for educational
16 purposes, a sum sufficient to remove such deficiency or
17 deficiencies, and promptly pay such sum into the Fund in order
18 to restore any of the reserves of the Fund that may have been
19 so temporarily applied. Any amounts received by the Fund after
20 December 4, 1997 from State appropriations, including under
21 Section 17-127, shall be a credit against and shall fully
22 satisfy any obligation that may have arisen, or be claimed to
23 have arisen, under this subsection (a) as a result of any
24 deficiency or deficiencies in the fiscal year of the Board of
25 Education ending in calendar year 1997.

1 (b) (i) Notwithstanding any other provision of this
2 Section, and notwithstanding any prior certification by the
3 Board under subsection (c) for fiscal year 2011, the Board of
4 Education's total required contribution to the Fund for fiscal
5 year 2011 under this Section is \$187,000,000.

6 (ii) Notwithstanding any other provision of this Section,
7 the Board of Education's total required contribution to the
8 Fund for fiscal year 2012 under this Section is \$192,000,000.

9 (iii) ~~The Notwithstanding any other provision of this~~
10 ~~Section,~~ the Board of Education's total required contribution
11 to the Fund for fiscal year 2013 under this Section is
12 \$196,000,000, without any credit or offset of the amount
13 payable by the State under Section 17-127.

14 (iv) For fiscal years 2014 through 2059, the minimum
15 contribution to the Fund to be made by the Board of Education
16 in each fiscal year shall be an amount determined by the Fund
17 to be sufficient to amortize 100% of the unfunded accrued
18 liability of the Fund in existence on July 1, 2012, plus any
19 additional unfunded accrued liability accruing after that date
20 that is attributable to the effects of lost investment earnings
21 due to underfunding (as defined in Section 17-127) bring the
22 total assets of the Fund up to 90% of the total actuarial
23 liabilities of the Fund by the end of fiscal year 2059. In
24 making these determinations, the required Board of Education
25 contribution shall be calculated each year as a level
26 percentage of the applicable employee payrolls over the years

1 remaining to and including fiscal year 2059 and shall be
2 determined under the projected unit credit actuarial cost
3 method.

4 (v) Beginning in fiscal year 2060, or as soon as the
5 contributions under subdivision (iv) have paid off 100% of the
6 unfunded accrued liability of the Fund in existence on July 1,
7 2012 plus any additional unfunded accrued liability that has
8 accrued after that date and is attributable to the effects of
9 lost investment earnings due to underfunding, no further Board
10 of Education contribution shall be required. ~~the minimum Board~~
11 ~~of Education contribution for each fiscal year shall be the~~
12 ~~amount needed to maintain the total assets of the Fund at 90%~~
13 ~~of the total actuarial liabilities of the Fund.~~

14 (vi) (Blank). ~~Notwithstanding any other provision of this~~
15 ~~subsection (b), for any fiscal year, the contribution to the~~
16 ~~Fund from the Board of Education shall not be required to be in~~
17 ~~excess of the amount calculated as needed to maintain the~~
18 ~~assets (or cause the assets to be) at the 90% level by the end~~
19 ~~of the fiscal year.~~

20 (vii) (Blank). ~~Any contribution by the State to or for the~~
21 ~~benefit of the Fund, including, without limitation, as referred~~
22 ~~to under Section 17-127, shall be a credit against any~~
23 ~~contribution required to be made by the Board of Education~~
24 ~~under this subsection (b).~~

25 (c) The Board shall determine the amount of Board of
26 Education contributions required for each fiscal year on the

1 basis of the actuarial tables and other assumptions adopted by
2 the Board and the recommendations of the actuary, in order to
3 meet the minimum contribution requirements of subsections (a)
4 and (b). Annually, on or before February 28, the Board shall
5 certify to the Governor and the Board of Education the amount
6 of the required Board of Education contribution for the coming
7 fiscal year. The certification shall include a copy of the
8 actuarial recommendations upon which it is based. The Board
9 shall, if necessary, recertify the required contribution
10 amount under subdivision (b)(iii) for fiscal year 2013 in
11 accordance with this amendatory Act of the 97th General
12 Assembly.

13 (Source: P.A. 96-889, eff. 4-14-10.)

14 (40 ILCS 5/17-127.2 rep.)

15 Section 10. The Illinois Pension Code is amended by
16 repealing Section 17-127.2.

17 Section 15. The State Pension Funds Continuing
18 Appropriation Act is amended by adding Section 1.9 as follows:

19 (40 ILCS 15/1.9 new)

20 Sec. 1.9. Appropriation for Chicago Teachers' Pension
21 Fund. There is hereby appropriated from the General Revenue
22 Fund to the Public School Teachers' Pension and Retirement Fund
23 of Chicago, on a continuing monthly basis, the amount, if any,

1 by which the total available amount of all other appropriations
2 to that Fund for the payment of State contributions required
3 under Section 17-127 of the Illinois Pension Code is less than
4 the total amount of the vouchers for required State
5 contributions lawfully submitted by the Fund for that month
6 under that Section.

7 Section 99. Effective date. This Act takes effect upon
8 becoming law.".